

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF COMMUNITY AFFAIRS**

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DATE: October 31, 2003

TO: Emergency Shelter and Transitional Housing Providers  
All Interested Agencies and Organizations

FROM: William J. Pavão, Deputy Director, Community Affairs

SUBJECT: **Statewide Notice of Funding Availability (NOFA)** Emergency Housing and Assistance  
Program Capital Development Deferred Loans (EHAPCD)

Due to the 2002 Bond Act, I am pleased to announce the availability of the second round of Capital Development funds from the Emergency Housing and Assistance Program through a statewide competitive process. These funds are available as forgivable deferred loans for development activities that include the acquisition, construction, or rehabilitation of sites for emergency shelters, transitional housing facilities, and safe havens for homeless persons. With this continued funding, applicants are encouraged to increase and improve year-round shelter facilities, including the provision of cold weather shelter facilities.

The allocations to urban and non-urban counties, with no specific county allocations, are as follows:

Urban (population equal to or more than 200,000):	\$24,800,000*
Non-urban (population less than 200,000):	\$6,200,000*

\*The Department reserves the right to supplement these amounts with additional funds, based on applicant demand.

I am equally pleased to announce that the maximum deferred loan amount per project site is being increased, via this NOFA, to \$1,000,000. Note that per the Health and Safety Code Section 50802.5, the organizational limit of \$1,000,000 per county per funding round is still effective.

The NOFA package consists of the Statewide NOFA and the Statewide Application Package. Applicants should refer to Section II of this NOFA for application procedures and to the Application Package for the application forms and instructions. By November 14, 2003, the EHAPCD NOFA, Application Package, and a Power Point General Information Workshop presentation, will be available on the EHAPCD website located at: [www.hcd.ca.gov/ehap/ehap-capdev.html](http://www.hcd.ca.gov/ehap/ehap-capdev.html) for your use.

I look forward to working with you to address the housing and service needs of California's homeless population through the use of these Capital Development funds. Please feel free to contact any of our EHAPCD program staff via email at: [homeless@hcd.ca.gov](mailto:homeless@hcd.ca.gov) or by phone at: (916) 445-0845 for additional information and/or assistance with the application process.

Statewide NOFA and Application Package  
Emergency Housing and Assistance Program (EHAP)  
Capital Development Deferred Loans

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TIMETABLE FOR EHAP CAPITAL DEVELOPMENT APPLICATIONS	
Statewide NOFA Issued:	<b>October 31, 2003</b>
Statewide NOFA Applications Due:	<b>February 26, 2004</b>

Statewide Notice of Funding Availability (NOFA)  
Emergency Housing and Assistance Program  
**CAPITAL DEVELOPMENT DEFERRED LOANS**

I. PROGRAM DESCRIPTION

Introduction

The State of California Department of Housing and Community Development (the Department) is requesting applications from eligible organizations for forgivable Capital Development (EHAPCD) deferred loans for emergency shelters, transitional housing, and safe havens. For the 2003/2004 funding round, a minimum of \$31,000,000 is available statewide. There will be no formula county allocations. Awards will be made on a statewide competitive basis. Allocations for urban and non-urban counties are as follows:

Urban counties (population equal to or more than 200,000):	\$24,800,000 (80%)
Non-urban counties (population less than 200,000):	\$6,200,000 (20%)

The Department may supplement the \$31 million 2003-2004 allocation with other available funds based on eligible applicant demand.

**Note that the maximum loan amount per application for a project site has been increased to \$1,000,000.** In general, agencies are ineligible to apply for more money for the same project (tied to site) for which they have already received an EHAPCD grant (deferred loan). However, the Department will allow 2002-2003 EHAPCD awardees to apply for up to \$1 million during this 2003-2004 funding round under the following circumstances: 1) These applicants must relinquish (disencumber) their first loan with the Department and reapply for the funding they desire through the competitive application process. 2) When submitting the new application, applicants interested in applying for additional funds on the same project site they were awarded funds for last funding round, must check the box in the table to the left of the Request to Compete and Authorization to Relinquish 2002-2003 Funds Statement located on the Certification of Application Information form located on Page 4 of the Statewide Application.

Urban and non-urban counties are listed on Page 15 of this NOFA. Note that urban and non-urban awards will be awarded by project location, not the location of borrowers' separate administrative headquarters. Beginning with this 2002/2003 fiscal year funding round, per provisions of the Health and Safety Code Section 50802.5 (h), Designated Local Boards (DLBs) may participate in the priority rating of applications submitted for projects in their regions as part of the rating and ranking process of this NOFA. Refer to Pages 16-17 for the table containing the DLB counties. The table indicates which DLBs have Department approved local priorities and which counties will be using the statewide priorities. Applicants applying in counties that are listed as using the local priorities should contact their DLBs to obtain Section IV. Applicants for projects located in counties listed as using the Statewide priorities must submit Section V of the EHAPCD application.

A. Authority

The Health and Safety Code Section 53533 authorizes the use of \$195 million of the \$2.1 billion in housing bond funds for the development of homeless housing.

EHAPCD applicants and borrowers will operate under the Budget Act of 2000, Health and Safety Code Sections 50800 – 50806.5 and 53533, and the EHAP Program Regulations, which were adopted on 7/12/95 ("Regulations"). Relevant portions of these provisions are included in the Appendices of this NOFA, beginning on Pages A1, B1, C1, and D1 respectively. The EHAP Regulations are part of Title 25 of the California Code of Regulations. Additional copies of the applicable sections of the Health and Safety Code and the EHAP Program Regulations can be obtained on the EHAPCD web page located at: [www.hcd.ca.gov/ehap/ehap-capdev.html](http://www.hcd.ca.gov/ehap/ehap-capdev.html).

The provisions contained in the above cited statutes and regulations will control any conflict between statutes and regulations and this NOFA. The purpose of this NOFA is to provide supplemental information not in the statutes and regulations; conform procedures to other applicable statutes related to this funding cycle, and implement the discretion the Department has in the administration of the program.

**Application Disclosure:** Information provided in the application you submit will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided will be disclosable to any person making a public records request. Applicants are advised to use discretion in providing us with information that is not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to the Department, the applicant (sponsor) is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.

#### **B. Eligible Applicants and Use of Funds**

Sections 7950, 7959, and 7961 of the EHAP Regulations provide information on the eligibility requirements for applicants and the facilities that qualify for EHAPCD funding.

The Department will award EHAP forgivable Capital Development deferred loans to eligible local government or nonprofit corporations, which provide or contract with community organizations for eligible activities that provide qualifying emergency shelter, transitional housing, safe haven or combinations thereof, to homeless persons and recently homeless persons. Note that an applicant may request funds using one application for an emergency/transitional/safe haven facility as long as each housing component qualifies and they are each located on the project site funding is being requested for. If only part of the facility qualifies for EHAPCD funding, then the applicant must provide project information for the entire facility, but specify qualified activities and cost, and demonstrate the other funding sources that cover the non-fundable activities.

When a collaboration of parties exists, generally, the applicant would be the entity that provides and/or will provide the housing services and administers the funds throughout the EHAPCD loan term. The relationship between collaborating parties should be documented in the application by submitting an executed copy of the working contract.

Applicants serving selected populations should read the Department's "Serving Selected Populations" policy located on Pages 76-78 of the EHAPCD Statewide Application. Note that effective January 1, 2004, per recently enacted AB 1594, homeless facilities housing exclusively veterans receiving specialized treatment and services have recently been deemed eligible to receive EHAP funding.

Funds under this NOFA may be used for any of the following Capital Development activities (please refer to Section 7961 (a) (2) of the Regulations for specifics):

- Acquisition of an existing qualified homeless housing facility
- Acquisition of an existing facility in conjunction with rehabilitation
- Rehabilitation/conversion (may include demolition and costs to remedy health and safety hazards)
- Site acquisition limited to land purchase in conjunction with new construction
- New construction (may include project related planning and engineering fees)
- Loan administrative costs not to exceed 5% of the total loan amount (document able costs for administrative staff and overhead directly related to the Capital Development project)

Note that all costs funded by EHAPCD must occur after the execution date of the State Standard Agreement. If your project requires payment of a pre-existing debt (such as a construction bridge loan), please contact Pam Dyer, for a pre-application review. (See Page 19 for Contact List)

Site control is required for each project **site at the time of application** for:

- all emergency shelter projects
- all transitional housing projects of three or more units, and all projects of any kind requiring rehabilitation in excess of \$20,000 per unit in order to occupy for the use proposed in the EHAPCD application. Note that site control for safe havens is treated the same as for transitional housing.

For one or two unit projects requiring rehabilitation of less than \$20,000 per unit, site control is required no later than six months from the date of execution of the EHAPCD Standard Agreement. EHAP funding for these applications is subject to Department approval of all acquisition cost, zoning, use permits, licensing, financing, repair cost, and other contingencies necessary to allow occupancy in compliance with the standard agreement requirements.

Applicants that fail to submit the required site control documentation with the application may be deemed ineligible. Awardees that do not obtain the requisite site control within the period specified above shall immediately have all EHAPCD funding for such projects disencumbered.

For the purposes of this NOFA, site control may include:

- Fee title
- A leasehold interest, evidenced by a Lease, in the land and improvements, which exceeds the applicable EHAPCD loan term by five (5) years. (See Page 5 for loan terms.)
- A purchase/lease agreement with a close of escrow date at least three months from the application due date that includes the exclusive right to extend the escrow closure date a minimum of 90 days to a date acceptable to the Department.

Properties demonstrating site control by a leasehold interest must have a recorded lease acceptable to the Department. To close the EHAPCD loan, the borrower and owner of the fee interest in the property will be required to sign the Department's Lease Rider and Estoppel Agreement and the borrower must execute the Department's EHAPCD Deed of Trust which encumbers the leasehold interest. *Both* of these documents will be recorded.

Applicants requesting funds for major equipment purchase must demonstrate that the equipment will be part of the construction or rehabilitation project by including the costs in the project's construction contract. An example of an eligible equipment purchase is a heating and air conditioning system requiring a permit. Funding the purchase of equipment which is not under permit and not built in, (personal versus real property, i.e. beds, household refrigerators or stoves), does not meet the intent of the EHAP Statute and therefore is not an eligible use of EHAPCD funds.

Rehabilitation project applications will require asbestos and lead-based paint reports from licensed professionals in this field preferably with the application, but before loan approval. Costs to remedy these health and safety findings must be part of the project's development budget and may be an eligible use of EHAPCD funds, as determined by the Department.

Section 7962 of the Regulations defines ineligible uses of funds under EHAPCD; for example: activities and/or work completed prior to the execution date of the contract, recreational equipment, landscaping, and offsite improvements are **ineligible costs for EHAPCD**. If included in otherwise eligible applications, requests for ineligible uses of funds will be deducted from the requested loan amounts of the applications. After deducting the ineligible expenses, if the Department determines that the proposed project is still feasible, the application will be rated and ranked (with no points deduction for including ineligible expenses) pursuant to the selection criteria set forth in this NOFA. The Department, at its sole discretion, may determine that any application is ineligible if the proposed activities are deemed an inefficient or ineffective use of funds. **Day homeless service centers that do not provide overnight housing are not eligible.**

C. Maximum and Minimum Loan Amounts

Applicants may submit only one application per site. The minimum loan request per application is \$20,001 and the maximum is \$1,000,000. Applicants may submit multiple applications, but the maximum loan amount per applicant within a county remains at \$1,000,000.

D. Loan Terms and Conditions

The loan will accrue three percent per annum simple interest. Principal and interest payments are deferred for the term of the loan and forgiven as long as the project is used as a qualifying homeless shelter or transitional housing facility and proposed services are rendered as represented in the application. Each deferred loan shall be secured by a deed of trust, and the project property shall be subject to a regulatory agreement, both prepared by the Department. If a change of use of the project property occurs prior to the completion of the required use term, resulting in the property no longer being used as an emergency shelter or transitional housing facility, the Department shall terminate the loan and require the repayment of the deferred loan in full, including accrued interest. The loan terms are set by the Budget Act, Statutes of 2000 as follows:

<u>Development Activity</u>	<u>EHAPCD Loan Term</u>
New construction or acquisition with or without rehabilitation	10 years
Substantial rehabilitation (more than \$50,000)	7 years
Rehabilitation (\$50,000 or less)	5 years

E. Match Requirement

EHAP Capital Development loans do not require matching funds. However, leveraging of funds for the development project is part of the rating criteria and applicants are required to identify all proposed sources and uses of funds in their application for EHAPCD funds.

F. Rent Requirements

Emergency shelters with EHAP funding cannot charge rent. (See Regulations Section 7959 (k) and (l) for transitional housing rules.) Per the Regulations no more than 30% of adjusted family income may be charged as rent by transitional housing borrowers. The rent requirements are contained in the loan documents that will be executed when the EHAPCD loan closes.

G. Relocation Requirements

Generally, State relocation requirements are triggered when permanent or temporary displacement occurs as a result of State funding. Displacement of residential tenants is deemed to occur when tenants must vacate their units, or when their rent is raised to an amount above 25% of their income. Displacement of commercial tenants also prompts relocation requirements. On an occupied project site, the Relocation Plan should be started when the applicant knows they are applying for EHAPCD funds. A project specific narrative relocation plan must be included in the EHAPCD application and the relocation expenses must be part of the project budget. EHAPCD funds cannot be used for relocation expenses.

1. The sponsor of a project resulting in displacement of residential tenants shall be solely responsible for providing the assistance and benefits set forth in this section and applicable State and federal law, and shall agree to indemnify and hold harmless the Department from any liabilities or claims for relocation-related costs.
2. All tenants in occupancy in a property who are displaced as a direct result of the development of the project shall be entitled to relocation benefits and assistance as provided in applicable provisions of the Government Code and Subchapter 1 of Chapter 6 of Title 25 of the California Code of Regulations, commencing at Section 6000.
3. The sponsor shall prepare a relocation plan in conformance with the provisions of Title 25 California Code of Regulations, Section 6038. The relocation plan must be submitted before loan approval and shall be subject to the review and approval of the Department.
4. Notwithstanding the preceding requirements, tenants who are notified in writing prior to their occupancy of an existing unit that such unit may be demolished or their tenancy terminated as a result of funding provided under the program shall not be eligible for relocation benefits. The form of any notices used for this purpose shall be subject to Department approval.

## H. Appraisal Requirements

The Department requests that a written appraisal dated less than 6 months from the application due date be submitted with the application. An appraisal specifying the project's market value must be performed by a qualified, licensed California State appraiser with experience appraising comparable properties. For construction and rehabilitation projects, the appraisal must show replacement value before and after construction or substantial rehabilitation. All appraisals are subject to the acceptance of the Department. If an appraisal cannot be submitted with the application, a certified Broker's Price Opinion of value completed by an independent real estate broker must be included at the time of application for an applicant to earn full leveraging credit for the project. Receipt of the appraisal will then be required as a condition of the EHAPCD loan closing. Applicants submitting applications for rehabilitation of single-family units of \$50,000 or less may have two independent real estate brokers each submit at least three comparables in lieu of an appraisal. If the applicant owns or will own the project property, the EHAPCD loan must be secured by the real property with an appraised market value of at least the amount of our loan plus any senior debt. The Department prefers to be in first lien position whenever possible. However, senior debts may be allowed when necessary or appropriate, but in all cases EHAPCD's final lien position must be acceptable to the Department. Acceptable Subordination Agreement(s) shall be required prior to the EHAPCD loan closing. If the property will be held in leasehold title during the EHAPCD loan term, and the lessee is paying market rent, a minimum of three lease comparables are required from an independent licensed real estate broker preferably with the application, but before loan approval.

## I. Environmental Requirements

A Phase I Environmental Report and compliance with report recommendations will be required for each development site, other than rehabilitation of an existing residential structure prior to the EHAPCD loan closing. Environmental issues needing remediation shall be provided for in the project development budget. Projects will not be funded unless the applicant demonstrates that the project sites are free from severe adverse environmental conditions. If the project site budget includes any Federal funding sources, compliance with Federal environmental requirements must also be demonstrated. Rehabilitation project applications will require asbestos and lead-based paint reports from licensed professionals in this field preferably with the application, but before loan approval. Costs to remedy these health and safety findings must be part of the project's development budget.

## J. Construction Requirements

The Department will rate the application and require conditions to the Standard Agreement to meet the following objectives:

1. The borrower shall ensure that the construction work for the project shall be performed in a competent, professional manner at the lowest reasonable competitive cost consistent with the project's scope, design and locality and not in excess of the total funds available.
2. For each construction contract of \$25,000 or more, the borrower shall enter into a written contract and provide a performance bond, for 100% of the successful bid, for the construction or rehabilitation work with a contractor having the appropriate State license. The contract shall be subject to the prior approval of the Department to determine



compliance with program requirements. The AIA Standard Construction Contract is the industry standard, and with an addendum to meet state requirement that is available from the Department, it should be acceptable for use in the development of new construction projects.

3. The construction contract shall be a completely integrated written agreement containing all the understandings, covenants, conditions, and representations between the parties. The contract shall specify a total contract price consistent with the project budget accepted by the Department.
4. The contract shall include provision for the payment of state prevailing wage. Where funds provided through this Agreement are used for construction work, or in support of construction work, Contractor shall ensure that the requirements of Chapter 1 (commencing with Section 1720) of Part 7 of the Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.

For the purpose of this requirement “construction work” includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the “construction contract”). Where the construction contract will be between the Contractor and a licensed building contractor, Contractor shall serve as the “awarding body” as that term is defined in the Labor Code. Where Contractor will provide funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the “awarding body.” The construction contract and any amendments thereto shall be subject to the prior written approval of the Department. Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid. These requirements do not apply to the new construction, expansion, or rehabilitation work associated with facility development by a nonprofit organization to be operated on a not-for-profit basis for emergency shelter or transitional housing provided that the organization acquires at least 50% of the total project costs from nonpublic sources. For the purposes of this exclusion, total project costs do not include the value of real property that is transferred or leased. Total project costs include the value of donated labor, materials, architectural, and engineering services. These requirements also do not apply if the project consists of rehabilitation or expansion work associated with a facility operated on a not-for-profit basis as temporary or transitional housing for homeless persons with a total project cost of less than twenty-five thousand dollars (\$25,000).

The Department will review and accept plans, specifications, and other related documents for the purposes of satisfying Standard Agreement disbursement conditions and insuring that EHAPCD funds are used as described therein.

Detailed preliminary cost estimates, dated within three months of February 26, 2004, must be obtained from a licensed architect, signed and submitted with the application. Project costs must be identified and all proposed sources and uses of funds specified. EHAPCD funding of construction related costs will be subject to a competitive bidding process, as identified in Section 7971 of the Regulations.

## K. Award Process

After review of submitted applications, the Department shall issue an Award letter for all approved competitive applicants. The Award letter shall constitute the awardee's conditional loan commitment. The award will be formally evidenced by a Standard Agreement prepared by the Department on behalf of the State. Each Standard Agreement will contain loan conditions to be satisfied by the applicant prior to EHAPCD loan closing and disbursement of funds.

## L. Escrow Process and Loan Documents

An independent third party escrow is necessary to close EHAPCD loans. All parties involved in the escrow transaction (owner, buyer, seller, lessee, and lessor) should review the program's required loan documents as early as practical to familiarize themselves with the program requirements contained therein. Refer to Page 18 for the program's website location and a summary of the escrow requirements and disbursement forms.

Before an EHAPCD borrower may enter into escrow, applicants must satisfy all as outlined as Attachments to the Standard Agreement. These conditions include but are not limited to:

1. Preliminary Title Report dated less than 60 days from the anticipated EHAPCD loan closing date.
2. HCD accepted construction contract, which includes all parties involved in the development project and the proposed drawdown schedule. (Not applicable for an acquisition with **construction** not being paid for by the Department.)
3. Funding commitments for all project related expenses.

EHAPCD escrow closing for property acquisition may occur shortly after the Standard Agreement is executed. When the project site is scheduled for major construction activity, escrow closure usually occurs shortly after the accepted construction contract is executed by the borrower and all applicable loan conditions have been satisfied.

## II. APPLICATION PROCEDURES AND DEADLINE

### A. Application Packaging and Submittal

Applicants must submit one original and one copy of the application for each project site. (A site is defined in Section 7950 of the Regulations as a legal parcel or contiguous [touching] parcels.) Both the original and the copy of the application must contain all required Appendices and Attachments. Please use the Application Checklist, located on Pages 2 and 3 of the Statewide Application to ensure you have provided complete information for review. As outlined in more detail in Paragraph F beginning on Page 10 of this NOFA, applicants must submit the minimum required documentation and obtain a completeness threshold score of at least 60 of 100 points in order for their application to be competitively rated and ranked based on criteria outlined in the EHAP Regulations Section 7967 (b).

The Department must receive applications in response to this Statewide NOFA for EHAP Capital Development Deferred Loan funds, regardless of delivery method, **no later than 4:00 p.m. Pacific Standard Time, Thursday, February 26, 2004**. Applications received by fax or

e-mail will not be accepted. Applications received after Thursday, February 26, 2004 at 4:00 p.m. will be rejected due to lateness, regardless of when they were sent.

Mail to: Department of Housing and Community Development, Division of Community Affairs, Emergency Housing and Assistance Program (MS 390-4), P.O. Box 952054, Sacramento, CA 94252-2054

Send via private delivery service or hand-deliver to: Department of Housing and Community Development, Division of Community Affairs, Emergency Housing and Assistance Program, 1800 Third Street, Room 390, Sacramento, CA 95814

A separate application **must** be submitted for each project site. Failure to submit a separate application for each project site shall cause your application(s) to be disqualified.

For your convenience in completing the application forms, you may obtain a copy of them on the program's website located at: [www.hcd.ca.gov/ca/ehap/ehap-capdev.html](http://www.hcd.ca.gov/ca/ehap/ehap-capdev.html) or you may request forms on disk by emailing or faxing a request to EHAP. To receive a disk, email the program secretary, Barbara Stolk, at: BStolk@hcd.ca.gov or fax her at (916) 323-6016. Note that some of the forms are not available in data entry format. Formatting these forms will be the applicants' responsibility.

Use the following methods to confirm EHAP's receipt of your application:

1. Hand-deliver the application to the EHAP office and ask for a receipt.
2. Mail the application by certified mail, with return receipt requested.
3. Email the EHAPCD program secretary on or after March 4, 2004 for confirmation.

Applicants can expect to be notified of their selection approximately ninety days after applications are due.

B. Timetable for Applications, Workshops, and Awards

TIMETABLE FOR CAPITAL DEVELOPMENT APPLICATIONS	
Statewide NOFA Issued:	October 31, 2003
Statewide Applicant Workshops:	See Page 20 for Locations, Dates and Times
Statewide Applications Due:	February 26, 2004
Award Notification (est.):	June 4, 2004
Standard Agreements Mailed to Borrowers (est.):	June 24, 2004
Effective Date of Standard Agreements (est. earliest):	August 5, 2004

C. Statewide Applicant Workshops

To assist applicants in preparing their applications, the Department will post a Power Point Presentation on the EHAPCD web page and then will conduct technical assistance workshops. See Page 20 of this NOFA for Application Technical Assistance workshop dates and locations.

The workshop will identify the components of a complete, competitive application. EHAPCD Program Staff will be available at these workshops to answer individual applicant project related questions.

Do not hesitate to contact the Department if you have any questions regarding this NOFA, the application, the application process, or any of the required appendices or attachments at any time during the application preparation period.

D. Application Preparation

1. Start early to allow plenty of time for local reviews and revisions and to schedule approvals of local resolutions. Note that the Authorizing Resolution must be dated after October 31, 2003 and on or before February 26, 2004.
2. Carefully read the program requirements and statutes: Particularly review the EHAP Regulations Sections 7959-7962 regarding eligibility. Identify which of your activities are eligible for EHAPCD funding per Section 7961, Sections (a) (2), (4), and (8).
3. Use the "Application Checklist" to keep the forms and documentation in the specified page order for submittal and to ensure that you submit all the items necessary for your application. Use the checklist showing the Appendices and Attachments on Page 3 of the Application to mark all items [X] that you are including in the application to represent your development project. Mark items that are not applicable with "N/A" when appropriate to do so, using the Pages 2 and 3 of the application as your guide.
4. Use and include spreadsheets with totals to record your calculations for easy verification.
5. Review your completed application and then have **someone else** review it to ensure that it clearly and concisely responds to each question and is assembled as instructed.

E. Technical Assistance

If you are unable to access the Power Point Workshop presentation on our web page and/or are unable to attend one of the technical assistance workshops and have questions about the application process, please contact the EHAPCD program staff. (See the EHAPCD Program Contact List located on Page 19 of this NOFA.) Note that pre-application reviews can be requested of the EHAPCD program staff on any eligibility or completeness element of the application any time before February 16, 2004.

F. Award Selection Criteria

Statewide applications for EHAP Capital Development loans will first be evaluated for eligibility pursuant to Sections 7959 through 7962 of the Regulations. All applications will then be reviewed for completeness. An application will not be considered for further rating unless it contains documentation that demonstrates, as determined by the Department, the following minimum eligibility and completeness requirements: 1) applicant is eligible 2) activities and proposed use of funds are eligible 3) site control has been obtained and documented 4) application has been received on time 5) application contains required contents: a) the completed Application Checklist (both pages) b) the signed Certification c) the completed Application Summary form d) the narrative sections: I. Applicant Capability (beginning on Page 22) II. Impact and

Effectiveness (beginning on Page 60) III. Cost Efficiency (beginning on Page 65) and IV. Local Priorities (beginning on Page 71) (or V. Statewide Priorities, beginning on Page 72, as appropriate).

In addition to the above-mentioned required documents, an additional completeness threshold score of 60 of 100 points must be met by all applicants to be competitively rated. The threshold score will be calculated as follows:

Threshold Documents as presented in the Statewide Application	Points Available	Threshold Documents as presented in the Statewide Application	Points Available
1. Appendices A-K	15	7. Attachment K	5
2. Attachment A	10	8. Attachment L	5
3. Attachment C	10	9. Attachment O	10
4. Attachment E	5	10. Attachment Q	5
5. Attachment H	5	11. Attachment R	10
6. Attachment J	10	12. Attachment S	10
<b>Points Required TOTAL 60 of 100</b>			
Available points per item will be earned on an all or nothing basis. If threshold document is not applicable, as determined by the Department, available points for that will be credited.			

In summary, applications that do not earn at least 60 of 100 points in the completeness threshold review will be deemed incomplete, and deemed ineligible and thereby rejected. Applicant's whose applications are rejected will receive a letter directing them to contact the Department for technical assistance for future funding rounds .

Successful eligible applications will then be further evaluated pursuant to the three selection criteria set forth in Section 7967 (b) of the Regulations and detailed below. Urban and non-urban county applications will be ranked separately.

For each rating category, applicants shall provide sufficient information to allow the Department to evaluate the project as indicated in the application. Applicants may include additional supporting documentation in their application as required to clarify the presentation of any of the rating factors.

Applications will be awarded points in each category up to the maximums listed. The maximum score an application may receive is **1,000 points. Applicants must score a minimum of 100 of the 300 possible points in Section I. Applicant Capability in order to be funded.**

The following five sections labeled "I, II, III, IV, and V" include the award selection criteria upon which your application will be competitively rated against other applications (if applicable). For each rating criterion, applicants shall provide the information to be considered in each section. Applicants may include material in these sections germane to the identified rating criterion (subject to any specified requirements). For the purposes of selection, the department will consider **only** the material submitted and contained in these sections of the application, but reserves the right to **verify** any information presented. Applicants may attach necessary supporting documentation to supplement presentations on any of the selection rating criteria.

#### **I. Applicant Capability** - 300 points maximum

The Department will evaluate "the applicant and development team's capability of achieving the activities and results proposed in the application" based on the Department's analysis of:

- a. Project Site Description
- b. Project Timeline
- c. Development Feasibility
  - (1) Subsidy Comparison
  - (2) Leveraging Comparison
  - (3) Project Readiness
- d. Development Team Capacity
  - (1) Developer's Experience Base
  - (2) Project Owner's Experience Base
    - (a) Successful Housing Program Experience
    - (b) Fund Raising and Resource Development
    - (c) Stability and Solvency
  - (3) Property Management's Experience Base
  - (4) Architect's Experience Base

**II. Impact and Effectiveness - 300 points maximum**

The Department will evaluate "the impact and effectiveness of the applicant's operations and supportive services" based on:

- a. Client Capacity Increase
- b. Operations and Supportive Services: Existing and Planned
- c. Extent Proposed Project Addresses Community Needs

**III. Cost Efficiency – 250 points maximum**

The Department will evaluate "the cost efficiency of the proposed use of loan funds providing client housing" based on the following:

- a. Need for EHAPCD funds
- b. Operations/Capacity Cost Analysis (from Appendices and Attachments, then compared to competitive applicant pool)
- c. Design
  - (1) Site Location
  - (2) Compatibility with Neighborhood
  - (3) Fundamental Design Analysis
- d. Special Design Features

**IV. Designated Local Board (DLB) Priorities – 150 points maximum**


If your project site is located in a county/region with a DLB: (Refer to Pages 16 and 17)

- a. With respect to local priorities, statute requires the Department to "...incorporate priorities established by the designated local boards and their input as to the relative merits of submitted applications from within the designated local board's county in relation to those priorities". Include in this section of the application the completed documents you have received from your DLB to demonstrate how your proposed project meets the DLB's local priorities.

- b. The priority information submitted in Section IV of your application will be forwarded upon receipt by the Department to the appropriate DLB for rating and ranking. The rating and ranking will be submitted back to the Department for review and incorporation of appropriate rating points. If your project is located in a DLB county, contact your DLB, using the list on Pages 16 and 17 of this NOFA for any guidance needed regarding the local priorities.

**OR**

**V. Statewide Priorities** – also 150 points maximum (Refer to Pages 16 and 17)

For applicants in DLB regions electing not to participate in the setting of their local priorities and counties without DLBs, the Statewide Priorities must be addressed in Section V. of the application using the format provided. This section will be rated and ranked by EHAPCD Program Staff. Applicants will be ranked and then grouped into quartiles with the top score being 150 points and descending incrementally. The top 25% of applicants will earn 150 points, the second group will be given 112.5 points, the third group 75 points, and the final group 37.5 points. The score from this category will then be added to the total score from the other categories to tain the final score for the competitive ranking.

**G. Standard Agreement and Disbursement Information**

Once an application is approved for funding, all proposed changes in the use of the project or the Capital Development funds must be submitted in writing and are subject to review and written approval by the Department. Such requests from competitive applications are not often granted, as these changes often alter the competitive status of the application. Applicants are advised to carefully decide on the proposed use of EHAPCD funds, and to accurately estimate the required funding amount.

After the awards are made (see timetable on Page 9), borrowers can expect to receive the Standard Agreement (Agreement) package within approximately 30 days. All loan funds are made available through the execution of the Agreement between the Department and the borrower, subject to general and special loan disbursement conditions. The borrowers are requested to sign and return all five copies of the Agreement for execution by the Department as soon as possible. The Agreement will become effective when reviewed, approved, and signed by the Department, (“executed”) which usually occurs within approximately 15 days after the signed copies are received from the borrower.

The Department can only reimburse borrowers for costs incurred after the effective date of the Agreement (the date stamped in the lower right-hand corner of the Agreement cover sheet [STD2]). Do not incur EHAPCD project indebtedness prior to the effective date of the EHAPCD Agreement because such expenses generally may not be paid by the Department. The Department also strongly urges applicants not to commence construction prior to the recording of the EHAPCD loan, as it will breach lien requirements that will result in extended escrow periods and additional title fees.

When the Agreement has been executed, loan disbursement conditions are satisfied, and the EHAPCD security documents are recorded, administrative costs can be reimbursed along with the appropriate additional funds requested and evidenced as acceptable to the Department through a Request for Disbursement (RFD) form and supporting documentation. After the EHAPCD escrow

closes, in addition to the RFD, a Request for Disbursement for Construction Related Expenses containing the appropriate signatures is required for construction related expenses along with evidencing invoices.

Borrowers will have 12 months from the date the Agreement is executed to commence a project or the Agreement may be terminated and the funds reallocated. Commencement is defined as acquisition of the project property or obtaining of a building permit for the development activities. With documentation of project delays, current project status and a written request from the project sponsor, the Department, at its discretion, may extend the commencement period up to an additional 12 months to assure its successful completion.

The application itself is incorporated as part of the Agreement. Consider this when preparing and certifying the application. The development project, process, budget, and results stated in the application will be those to which the borrower is committed in the Agreement.

#### H. Applicant Appeal Process

An applicant is entitled to appeal the loan selection activities of the Department by submitting a written petition to the Department. The petition must be received, using the mailing instructions listed on Page 9 or fax instructions below; within ten days following the date the Department releases the Award Notification. Refer to the timetable on Page 9 for date of Award Notification. The Department must respond in writing within 21 days of receipt of any written appeal petitions. Refer to the EHAP Regulations Section 7968 (c) (1)–(3) for the information that must be included in the written petition and the Department’s response requirements.

FAX appeal to: EHAP Program Manager at (916) 323-6016. All faxed petitions must be immediately followed with the original. Petitions will not be considered complete unless the original is received within seven days of the faxed transmittal.



## URBAN / NON-URBAN COUNTIES LIST

### URBAN

Alameda\*  
Butte  
Contra Costa\*  
Fresno\*  
Kern  
Los Angeles\*  
Marin\*  
Merced  
Monterey  
Orange\*  
Placer  
Riverside\*  
Sacramento\*  
San Bernardino\*  
San Diego  
San Francisco\*  
San Joaquin\*  
San Luis Obispo\*  
San Mateo\*  
Santa Barbara  
Santa Clara\*  
Santa Cruz  
Solano\*  
Sonoma  
Stanislaus  
Tulare  
Ventura\*

### NON-URBAN


Alpine  
Amador  
Calaveras  
Colusa  
Del Norte  
El Dorado  
Glenn  
Humboldt\*  
Imperial  
Inyo\*  
Kings  
Lake  
Lassen  
Madera\*  
Mariposa  
Mendocino  
Modoc  
Mono\*  
Napa  
Nevada  
Plumas  
San Benito  
Shasta\*  
Sierra  
Siskiyou  
Sutter\*  
Tehama  
Trinity  
Tuolumne  
Yolo\*  
Yuba\*

\* Indicates Counties with Designated Local Boards (DLBs). Applicants with project sites in these counties should contact the contact person at the applicable designated board (listed on Pages 16-17) for further instructions.

**COUNTIES WITH DESIGNATED LOCAL BOARDS (DLBs)**

**EHAP and EHAPCD**

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COUNTY	DLB	Contact DLBs for LOCAL PRIORITIES for Section IV	STATEWIDE PRIORITIES Section V
Alameda	Laura Escobar Alameda County Emergency Food & Shelter Program Local Board (415) 808-4380	<b>X</b>	
Contra Costa	Laura Escobar Contra Costa County Emergency Food & Shelter Program Local Board (415) 808-4380	<b>X</b>	
Fresno	Laura Haga Fresno/Madera Homeless Continuum of Care Collaborative (559) 253-9560	<b>X</b>	
Humboldt	Sally Hewitt Humboldt County Emergency Food & Shelter Program (707) 822-4528		<b>X</b>
Inyo	Wendy Harris Inyo-Mono Advocates for Community Action (760) 872-4128		<b>X</b>
Los Angeles	Elizabeth Heger Los Angeles County Emergency Food & Shelter Program Local Board (213) 630-2122	<b>X</b>	
Madera	Laura Haga Fresno/Madera Homeless Continuum of Care Collaborative (559) 253-9560	<b>X</b>	
Marin	Laura Escobar Marin County Emergency Housing & Assistance Program Local Board (415) 808-4380	<b>X</b>	
 Mono	Kathryn Conway Inyo-Mono Advocates for Community Action (760) 872-4128		<b>X</b>
Orange	Janine Ingram Shelter, Hunger and Health Partnership of Orange County (714) 247-1207		<b>X</b>
Riverside	Cathy Welborn The EFSP Local Board for the County of Riverside c/o Riverside County Dept. of Public Social Services (909) 358-5636	<b>X</b>	
Sacramento	Martha Baker Sacramento Regional Emergency Food & Shelter Board (916) 447-7063 ext. 313		<b>X</b>
San Bernardino	Wyske G. Visser	<b>X</b>	

<b>COUNTY</b>	<b>DLB</b>	<b>Contact DLBs for LOCAL PRIORITIES for Section IV</b>	<b>STATEWIDE PRIORITIES Section V</b>
	San Bernardino County Designated Local Board (909) 980-1994 ext. 204		
San Francisco	Laura Escobar San Francisco County Emergency Food & Shelter Program Local Board (415) 808-4380	<b>X</b>	
San Joaquin	Angie McKinney San Joaquin Emergency Food & Shelter Board (FEMA) (209) 469-6980	<b>X</b>	
San Luis Obispo	Janna Nichols United Way of SLO County (805) 541-1234		<b>X</b>
San Mateo	Laura Escobar San Mateo County Emergency Food & Shelter Program Local Board (415) 808-4380	<b>X</b>	
Santa Clara	Joe Zenk Santa Clara County Local FEMA Board Office of the County Executive (408) 441-4252	<b>X</b>	
Shasta	Larry Lees Shasta County Dept. of Housing and Community Action Programs, EFSP Local Board (530) 225-5160		<b>X</b>
Solano	Mrs. P.J. Davis Solano Safety Net Consortium- Community Action Agency Advisory Board (707) 422-8810		<b>X</b>
Sutter	Ed Anderson Yuba-Sutter Region Joint Designated Local Board (530) 743-1847		<b>X</b>
Ventura	Cathy Bridnicki Ventura County Homeless & Housing Coalition (805) 493-2471	<b>X</b>	
Yolo	Martha Baker Sacramento Regional Emergency Food & Shelter Board (916) 447-7063 ext. 313		<b>X</b>
Yuba	Ed Anderson Yuba-Sutter Region Joint Designated Local Board (530) 743-1847		<b>X</b>

## EHAPCD ESCROW AND DISBURSEMENT DOCUMENTS

### Escrow Documents

*1. Promissory Note	Prepared by HCD for all EHAPCD loans
*2. Deed of Trust	Prepared by HCD for all EHAPCD loans
a. Recorded Lease	Applicable when leasehold interest. Submitted by project sponsor, accepted by HCD before recording
* b. Lease Rider and Estoppel Agreement	Applicable with leasehold interest when landlord does not execute Deed of Trust. Prepared by HCD
*3. Regulatory Agreement	Prepared by HCD for all EHAPCD loans
*4. Development Agreement	Prepared by HCD on all loans involving construction (including rehabilitation) loans
5. Hazard Insurance for Replacement cost of the structure or Builders' Risk and General Liability Insurance	Submitted by borrower. Completed projects submit hazard (before rehab. through escrow), all others submit Builders' Risk and general liability through escrow.
*6. Certificate of Officers	One for fee title, another for leasehold title
*7. Escrow Instructions	Prepared by HCD and submitted to escrow company.

**Disbursement Documents** – prior to disbursement of funds all applicable loan conditions (refer to Standard Agreement Attachments B and C) must be submitted and accepted by the State.

*1. Request for Disbursement
*2. Request for Disbursement for Construction Related Expenses
3. Expenditure Evidencing Documents (i.e. purchase agreement, work order, invoices

Formatted versions of the documents listed below that are prepared by HCD (\*) are located on the EHAPCD website located at: [www.hcd.ca.gov/ca/ehap/ehap-capdev.html](http://www.hcd.ca.gov/ca/ehap/ehap-capdev.html) for review.

## **HOMELESS PROGRAMS CONTACT LIST**

Carlos Patterson,  
Homeless Programs Manager

(916) 322-0919  
[cpatters@hcd.ca.gov](mailto:cpatters@hcd.ca.gov)

FAX: (916) 323-6016

E-mail: [homeless@hcd.ca.gov](mailto:homeless@hcd.ca.gov)  
Please use for all EHAPCD questions

### **EHAPCD Program Team**

Barbara Stolk,  
Secretary  
Pam Dyer,  
EHAPCD Representative

(916) 327-3649  
[Bstolk@hcd.ca.gov](mailto:Bstolk@hcd.ca.gov)  
(916) 327-2130  
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Michele Rose,  
EHAPCD Representative

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### **Team for the other Homeless Programs**

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EHAP and FESG Programs Secretary

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EHAP, EHAPCD, and FESG Projects

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[Sporter@hcd.ca.gov](mailto:Sporter@hcd.ca.gov)

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FESG Representative

(916) 322-0502  
[Earraiga@hcd.ca.gov](mailto:Earraiga@hcd.ca.gov)

Joanne Kellmann  
FESG Representative

(916) 445-3675  
[Jkellmann@hcd.ca.gov](mailto:Jkellmann@hcd.ca.gov)

## EHAP CAPITAL DEVELOPMENT TECHNICAL ASSISTANCE WORKSHOPS

If you plan on attending one of these workshops, please RSVP Barbara Stolk at (916) 327-3649 or by email at: [Bstolk@hcd.ca.gov](mailto:Bstolk@hcd.ca.gov) by December 23, 2003.

### Sacramento      Wednesday January 7, 2004      9:00 a.m. – 2:00 p.m.

Department of Housing and Community Development, 1800 Third Street, Sacramento First Floor, Rooms 183 and 185

#### Directions

- From Interstate 5, Take 'Q' Street exit (East) **or** Lincoln Plaza Parking
- Right on Fourth Street      Straight on Q street passed Fourth
- Go south on Fourth two blocks      (If sign does not say "Full")
- Turn left on 'S' Street      Turn left off of Q Street into garage
- Turn left on Fifth Street
- Go north one block and park in parking garage on the right (east) side of Fifth Street.

### Los Angeles Friday, January 9, 2004      9:00 a.m. – 2:00 p.m.

The Pacific Center, 523 West 6<sup>th</sup> Street, The Pacific Club – first floor  
Los Angeles, CA 90014    Contact: (213) 630-2122 – Pamela Campaign  
*Hosted by the Los Angeles County Emergency Food and Shelter Program*

Directions from the North: From the CA-101: Take the CA-101 going South. Take the CA-110/ PASADENA FWY exit toward PASADENA/ HARBOR FWY/ SAN PEDRO. Merge onto CA-110 S. Take the 6TH ST/ 4TH ST exit toward I-110 S/ WILSHIRE BLVD/ DOWNTOWN. Take the CA-110 ramp toward WILSHIRE BLVD/ HARBOR FWY. Take the ramp toward WILSHIRE BLVD. Take the 6TH ST ramp. (This sounds confusing, but it will make sense when you see it.) Take a left onto Olive Street. On your left you will see the parking entrance into the Pacific Center building. There is also parking across the street at Pershing Square.

Directions from the South: Take the I-405 North. Take the I-110 NORTH/I-110 SOUTH exit towards HARBOR FWY/LOS ANGELES/SAN PEDRO. Continue on I-110 NORTH RAMP towards LOS ANGELES. I-110 NORTH becomes CA-110 NORTH. Take the 3RD ST/4TH ST exit, exit #22B. Continue on W 6TH ST. Take a left onto Olive Street. On your left you will see the parking entrance into the Pacific Center building. There is also parking across the street at Pershing Square.

### Hayward      Thursday, January 15, 2004      9:30 am – 2:30 pm

United Methodist Church, 1183 B Street  
Hayward, CA 94541  
Contact EHAPCD staff if need assistance

Directions: Take I-580 East toward Alameda/San Jose/Downtown Oakland/Hayward/Stockton. Then merge onto Foothill Blvd./CA-238 South toward Hayward. Turn left onto 2<sup>nd</sup> Street. Turn right onto B Street. Parking available on church site.